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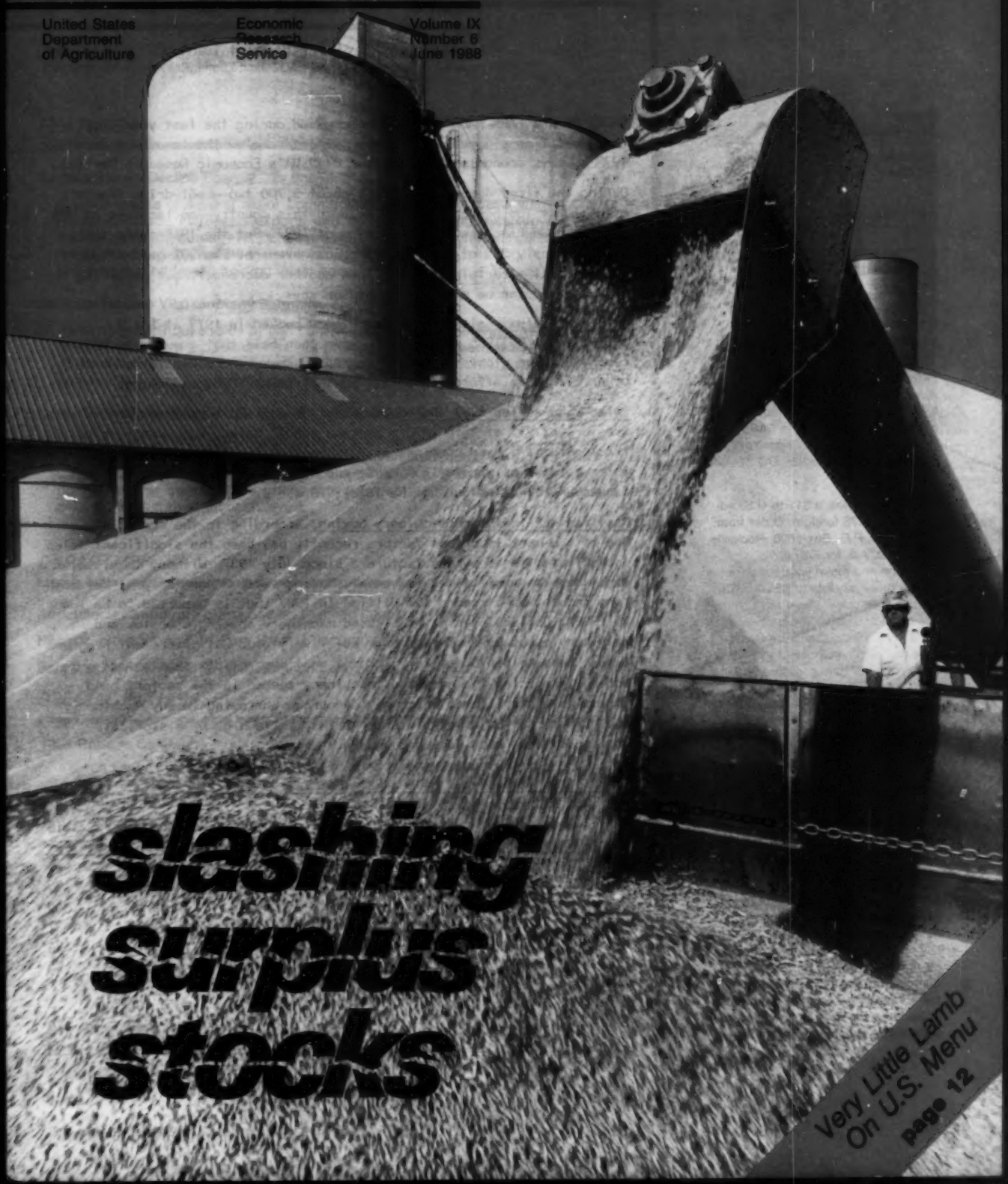

slashing surplus stocks

Very Little Lamb On U.S. Menu
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PERSPECTIVES

SALES OF NEW FARM MACHINERY have increased during the last year, for the first time since 1979, but are still far below the levels of the 1970's, says economist LeRoy Hansen of USDA's Economic Research Service.

During the first 4 months of 1988, about 5,700 two-wheel-drive tractors of at least 100 horsepower were sold in this country--an increase of 90% over sales during the first 4 months of 1987. But the 1988 sales still represent only 23% of the 1975-79 annual average. The 90% gain sounds good (and it's certainly better than another decrease), but comparing recent years can be misleading, Hansen says.

In dollar value, sales of farm machinery peaked in 1979 at $11.7 billion, but by 1985 were down to less than half that amount. Machinery companies have closed plants, laid off workers, and consolidated with other firms, in efforts to adjust to the sharply reduced demand.

Sales figures for 1987 showed two-wheel-drive, 100-horsepower-plus tractors at 25% of late 1970's average annual sales, four-wheel-drive tractors at 17%, and combines at 23%. For the first 4 months of 1988, the three categories were at 23%, 30%, and 33%, respectively, of January-April sales during the late 1970's.

Many factors influence machinery buying, according to the economist. One of the most important factors recently has been the significant sales incentives offered by manufacturers since July 1987. Without them, sales might have shown little improvement, Hansen says. Other factors: Net cash farm income was a record $57 billion in 1987 (but is expected to be lower in 1988). Dealer inventories of used machinery appear to be low and machinery owned by farmers is now relatively old. But government programs (which have helped boost farm income) continue to idle substantial acreage, reducing the amount of machinery needed in the sector. Land values have stabilized, which may encourage borrowing to buy machinery. Real (inflation-adjusted) interest rates, while high by historical standards, have been edging downward.

Sales of Selected Types of New Farm Machinery*

	No. of tractors, 2-wheel-drive, 100-hp and over	% of late '70s	No. of tractors, 4-wheel-drive	% of late '70s	No. combines, self-propelled	% of late '70s
late '70s	63,000	—	9,750	—	1,600	—
1981	43,200	69	9,700	99	26,800	85
1983	28,100	45	5,100	52	12,700	40
1985	17,700	28	2,900	30	8,400	27
1986	14,300	23	2,000	21	7,700	24
1987	15,900	25	1,700	17	7,200	23
Jan.-Apr.						
late '70s	24,000	—	3,000	—	4,900	—
1987	3,000	12	500	17	500	10
1988	5,700	23	900	30	1,600	33

*Data from Farm and Industrial Equipment Institute.

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AGRICULTURE . . . NATURAL RESOURCES . . . RURAL DEVELOPMENT
Practical economic intelligence from USDA's Economic Research Service

FEATURES

Surplus Stocks Decline Sharply *by Doug Martinez* 4

Surplus stocks of several major commodities are being reduced sharply. The reasons include increased exports and domestic demand, new government marketing efforts, acreage reduction programs, and the CRP. Not all commodities are affected equally, but the overall trend is obvious, and it's relieving much of the pressure that had been holding down prices.

Off-Farm Income Vital for Many Farmers *by Judith Foulke* 8

Farm operator households in this country get nearly half of their income from off-farm jobs. The proportion has not changed much in the last 30 years. But dependence on off-farm income varies considerably according to farm size, commodity specialty, and region of the country.

Lamb Still a Minor Item on U.S. Menu *by Juliana King* 12

Despite a slight increase in lamb consumption expected this year, U.S. sheep producers aren't likely to see a sustained recovery in demand for their product. Other meats continue to provide tough competition, and lamb has never been very popular in this country. The prices that growers receive will be important in determining future production levels.

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You can save this handy guide to July-December release dates for situation and outlook reports of the Economic Research Service, crop and livestock reports of the National Agricultural Statistics Service, and supply-demand estimates of the World Agricultural Outlook Board.

Surplus Stocks Decline Sharply

Wheat surpluses that stood at bin-busting levels just a year ago are being swept away on the strength of greater export demand and new programs that make it more profitable for producers' crops to be sold in the open market than stored in the federal warehouse, say USDA analysts.

Lucrative acreage reduction programs and the Conservation Reserve Program (CRP) have also had a hand in trimming wheat stocks. Acreage planted in 1987 was 10 million less than in 1985.

Domestic demand has risen too—not only for wheat but for other crops as well over the last 2 years. Domestic wheat use increased 6 percent, corn use 17 percent, and rice use 23 percent between 1985/86 and 1987/88.

In the 1987/88 season, total use of major crops—exports plus domestic use—is projected to surpass production by an amount equal to nearly 30 million acres of harvested crops, says economist Sam Evans of USDA's Economic Research Service.

The difference is being made up by stocks accumulated in past seasons. Based on mid-May forecasts, carryout stocks for 1987/88 are expected to decline 32 percent for wheat, 37 percent for soybeans, 16 percent for corn, and 45 percent for rice, compared with stocks at the end of 1986/87.

New programs make it more profitable for producers' crops to be sold in the open market than stored in the federal warehouse.

This doesn't mean that stocks of all commodities have come down to much lower levels—or have stayed at these lower levels, Evans notes.

Corn stocks, for example, are still high, despite reductions stemming from stronger exports. The projected carryout level is 4.1 billion bushels by the end of the marketing year on August 31 (1.35 billion bushels in CCC stocks).

Export Demand Up

The most encouraging news for American farmers (and for others interested in cutting surplus stocks) has been the strengthening of export demand. Export promotion efforts, more competitive prices, and a decline in the dollar's value have helped stimulate a resurgence in export growth.

The Export Enhancement Program (EEP) has led the way in promoting that growth—and cutting surplus stocks at the same time, says Evans. Under the EEP, the CCC awards bonuses to American exporters in the form of certificates redeemable for CCC-owned commodities.

The bonus commodities enable exporters to sell specified farm products (mainly wheat and barley, to date) to targeted countries at world market prices.

Compared with 2 years ago (1985/86), exports of wheat are expected to be up 75 percent in volume in 1987/88, corn up 37 percent, rice 24 percent, and cotton 237 percent. And, according to mid-May projections, the U.S. export share of coarse grains trade will jump to 54 percent in the 1987/88 marketing year, up from 38 percent in 1985/86. The U.S. export share for cotton is expected to rise from 10 to 26 percent, and rice from 15 to 23 percent over the same period.

Spurred by export growth and the marketing loan programs, cotton and rice stocks have both been trimmed. Mandated by the 1985 farm bill, the marketing loan

U.S. Stocks of Several Major Farm Commodities Have Decreased Substantially

	End-of-season stocks[1]							
	1980/81	1981/82	1982/83	1983/84[2]	1984/85	1985/86	1986/87	1987/88[3]
	in millions							
Wheat (bushels)	989	1,159	1,515	1,399	1,425	1,905	1,821	1,231
Corn (bushels)	1 392	2,537	3,523	1,006	1,648	4,040	4,882	4,112
Soybeans (bushels)	313	254	345	176	316	536	436	275
Rice (cwt)	16.5	49.0	71.5	46.9	64.7	77.3	51.6	28.5
Cotton (bales)	2.67	6.63	7.94	2.78	4.10	9.35	5.03	5.50

[1]Marketing years ending May 31 for wheat, August 31 for corn and soybeans, and July 31 for rice and cotton. [2]Stocks were affected by the 1983 drought and by the "PIK" program. [3]Projected as of mid-May 1988.

initiatives began in April 1986 for rice and August 1986 for cotton. The programs allow producers of these commodities to repay price support loans at less than the announced loan rate, whenever the world market price (adjusted to U.S. location and quality) is less than the loan rate. This encourages farmers to redeem commodities which have been pledged as collateral for price support loans, and then market the commodities at prices near or below loan rates rather than forfeit them to the CCC.

Cotton stocks are projected to be 5.5 million bales by the end of the marketing year in July, down from 9.35 million bales in 1985/86. Because of larger U.S. and world production, stocks may actually be up a little from last year's level of 5.03 million bales.

The projections for rice stocks also show decided declines from the 1985/86 marketing year. Ending stocks by July are expected to be 28.5 million cwt, down from 77.3 million cwt. Stocks held by CCC will have fallen from 43.6 million cwt to zero by the end of this marketing year, according to projections.

Because of the success in cutting rice and cotton surpluses to manageable levels, the acreage reduction requirements for both crops were cut substantially in the 1988 farm programs.

"PIK" Certificates Effective

Surplus stocks have also been effectively brought into the marketplace through the use of generic "PIK" certificates, according to Evans. Farmers receive these certificates in lieu of cash from the U.S. government to cover some farm program payments, including deficiency and diversion payments. These certificates are prized for their flexibility in redeeming crops under loan when prices are below the loan rate and for their premiums over face value.

The PIK certificates have helped to reduce loan forfeitures, thus acting to cut back federal stockpiles. When prices are below the loan rates, farmers are much more

Dairy Stocks Hit 10-Year Low

What about dairy stocks?

At the end of 1987, government stocks were only 2.8 billion pounds, milk equivalent. That was the lowest level since 1976, and little, if any, change is expected by the end of this year, according to dairy economist Jim Miller of the Economic Research Service.

"Since 1983," he says, "greatly expanded use of dairy products for both domestic food donations and exports has outstripped government purchases."

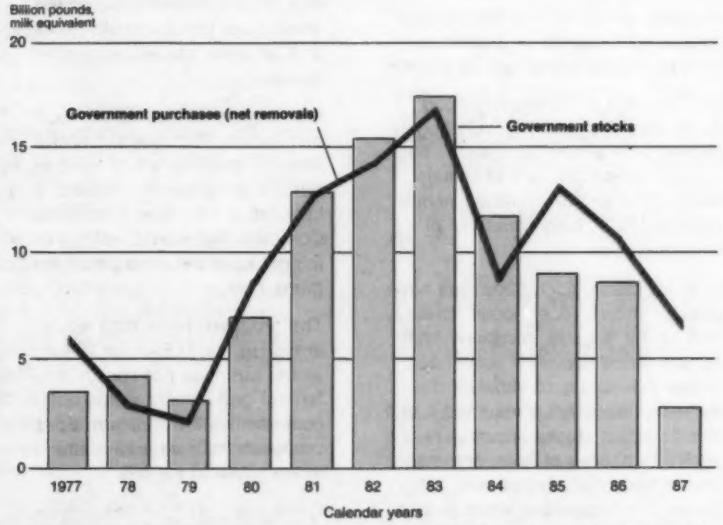
Stocks are shaped not only by the current excess of dairy products, but also by policy decisions, both current and past, on the use of CCC supplies, says Miller. As a result, stocks are not a good measure of the surpluses generated by the dairy sector. A better measure of the surplus is the amount purchased by the government each year.

Last year's purchases were 6.7 billion pounds, the lowest since 1979 but still above the goal implied in the 1985 farm bill. The bill mandated that support prices be lowered if expected government purchases exceed 5 billion pounds a year.

Moreover, the 1985-87 downturn was apparently not an indication that purchases will steadily decline. This year's purchases are likely to increase, perhaps to around 8 billion pounds.

In other words, says Miller, milk production continues to outrun rising use.

Government Dairy Stocks Have Dropped More Dramatically Than Purchases Because of Heavy CCC Use



likely to redeem their loans with certificates because they do not pay storage charges otherwise incurred for 9-month commodity loans.

These stocks might not have otherwise gone into the marketplace, because of rules prohibiting direct sales from CCC stocks unless prices exceed specified release levels. The release levels for corn and wheat are well above current cash prices.

There's another plus related to the use of certificates and weekly "wheat auctions" held by the CCC. At the auctions, PIK certificates can be exchanged for government-owned wheat. Through March 18 of this year, the weekly wheat exchanges have averaged about 14 million bushels moving out of CCC stocks into private hands and presumably, marketing channels. The average value per bushel of these wheat exchanges has been $2.67. During this time, farm prices have risen about 8 percent, despite the concern of some observers that the auctions would significantly reduce wheat prices, says Evans.

Although auctions are expected to continue, interest in the program may decline as wheat supplies become sufficient to meet anticipated needs. It is not the government's intention, say USDA officials, to move wheat into the marketplace simply to reduce CCC inventories. The government's mission, they say, is to ensure that sufficient supplies are available for domestic and international markets at a competitive price. So far, the wheat auctions have been effective in doing this, exchanging more than 300 million bushels of CCC wheat for "PIK" certificates.

Along with the Export Enhancement Program, the CCC weekly wheat auctions have helped the United States regain a major portion of the international wheat trade, says Evans. U.S. exports in 1987/88 are projected to account for 38 percent of world wheat trade, up from a low of 26 percent in the 1985/86 marketing year.

And wheat stocks? They're projected to fall some 590 million bushels by the end of this marketing year—the largest single-season drawdown of wheat supplies ever—from 1,821 million bushels in 1986/87 to 1,231 million bushels in 1987/88. □

[Based on information provided by economist Sam Evans and other economists of the Commodity Economics Division, Economic Research Service.]

Food Donations Are Reduced

With the sought-after decline in government commodity stockpiles, some food banks are losing their federal "deposits."

This mostly affects one food program—and one that was already scheduled to expire on September 30, the end of the current fiscal year.

The Temporary Emergency Food Assistance Program (TEFAP) began in 1981 with a dual purpose: to help reduce federal stocks and to help low-income and unemployed people through USDA food donations of excess stocks.

In some cases, such donations have already ended. Rice, honey, cheese, and nonfat dry milk donations from federal stockpiles were suspended earlier this spring as supplies ran out—and will only be resumed if and when surplus stocks accumulate again. Donations of flour, cornmeal, and butter will likely last only until the end of September when authorization for the program ends.

It's unlikely that the scope and scale of the program will soon be repeated, considering the policies in place to reduce federal stockpiles of farm products, says Gene Vincent, a spokesman for USDA's Food and Nutrition Service. That drawdown of stocks represents a substantial savings for the federal government, which pays less for costly storage, and, in some cases, processing charges.

But backers of the TEFAP food distribution effort say the social benefits involved are at least as important as economic considerations. Legislation has been introduced in Congress that would, among other things, keep the emergency food program alive.

The proposed legislation would authorize the TEFAP for 2 additional years, but does not specify how the federal government would obtain the commodities for donation. Specific proposals may be added later as an amendment to the bill.

Since 1981, TEFAP has provided surplus food supplies to as many as 5 million households each month. Also, the program has made monthly donations to food banks of seven commodities. The peak monthly totals were as high as 35 million pounds for processed cheese, 15 million pounds for rice, 12 million pounds for flour, 10 million pounds for honey, 6 million pounds for butter, and 4 million pounds for cornmeal—but not all in the same month.

These stocks were accumulated by the Commodity Credit Corporation under several farm price support programs. For instance, the CCC buys surplus butter, cheese, nonfat dry milk, and honey to keep prices paid to farmers up.

With reduced federal price supports, though, some commodities have become competitive on the market and have been shifted into commercial marketing channels rather than government warehouses. Moreover, overseas sales and donations have helped trim away some of the surpluses, and CCC donations into domestic school lunch programs have also helped reduce stockpiles.

Home-Grown Honey Back in Marketplace

A taste of home-grown honey is more than most Americans were getting a couple of years ago, when cheaper honey from places like Argentina and Canada crowded our domestic supplies off the supermarket shelves—and most of the sweet, golden American honey ended up in federal storage.

But more and more Americans are taking domestic honey off the shelves these days, and the reasons have more to do with farm policy than taste preference.

In fact, the reasons show how the 1985 farm bill is doing some of the things its sponsors said it would—things like reducing surpluses and thereby trimming government costs for storage.

The stock-slashing actually started with the 1985 farm bill. For honey, the 1985 legislation contained a provision allowing a discretionary program to supplement the honey price support program.

What emerged from the provision was a detailed "buy-back" plan to deal with an increasingly costly federal support program and the buildup of honey stocks in U.S. warehouses, says economist Jane Phillips of USDA's Agricultural Stabilization and Conservation Service. The "buy-back" plan allowed producers to repay their loans at lower levels than the original loans.

"Since 1981, honey support prices had been above the average domestic price," says Phillips. The high support prices made it more profitable for the industry to import lower priced honey for domestic use and forfeit its honey to the federal government.

"And, as loan rates increased under the 'parity' formula of setting price support rates, forfeitures also increased," says Phillips. "The 1983 crop had the highest level of forfeitures since price supports were initiated—115 million pounds."

Although the United States has been a net importer of honey since the early 1970's, Phillips notes, imports increased sharply in the 1980's. "By 1985," she says, "imports were equivalent to 92 percent of total U.S. production. During the same time, U.S. honey exports fell to their lowest level in 10 years."

With the enactment of the 1985 farm bill, a formula of lower price supports took effect, but the problem of "excessive forfeitures" continued. Producers still made more with support prices than they would have made selling in the marketplace.

High forfeiture levels boosted the support program's costs. The federal government acquired about 65 percent of the total 1985 honey crop at an estimated cost of $100 million, with the obvious implication that forfeitures and costs would continue to increase for successive crops.

Some government outlays would be reduced by lower loan rates, but most of the costs of the federal price support program came with forfeitures.

"Forfeited honey cannot be sold from inventory because of government sales policy, so most forfeited honey is donated," says Phillips. "When honey is donated, the program incurs an additional cost of about 15 cents per pound for processing and handling."

Something was needed, she says, to encourage commercial sales of honey and thereby reduce government inventory and costs. It was time to take advantage of the buy-back program authorized in the 1985 farm bill, policymakers decided.

"In its first year, the 'buy-back' option was successful," says Phillips. "It's a little too early to make predictions for the 1987 crop, but we expect the same results to continue."

The program's success shows in the way forfeitures have dropped. The 1986 crop, at 200 million pounds of honey, was the largest in 3 years, resulting in a record amount of honey being pledged as collateral for price support loans.

"We made loans on about 179 million pounds or almost 90 percent of the crop," says Phillips. But the forfeiture rate, she says, is "way down for the 1986 crop, and the most recent figures we have show 40 million pounds or about 22 percent of the loan collateral has been forfeited. This compares with forfeitures amounting to 97 million pounds or 95 percent of the 102 million pounds of loan collateral for the 1985 crop."

With forfeitures down, honey stocks held by the U.S. government had fallen to about 9.9 million pounds, as of mid-April, reducing government storage costs. Government honey stocks in 1985 were about 108 million pounds.

The buy-back program has also put American honey in the marketplace instead of the federal warehouse.

"Soon after the buy-back program started, monthly imports of honey began to drop from comparable year-earlier levels," says Phillips. "Total imports for 1986 were 119 million pounds compared with 138.2 million pounds in 1985, reversing a 5-year trend of increasing import numbers." Imports for 1987 were 58.3 million pounds.

U.S. honey exports also got a boost, increasing to 9.3 million pounds in 1986 and 12.4 million pounds in 1987, over the 1985 figure of 6.5 million pounds.

"The buy-back initiative has done all it set out to do," says Phillips. "It's reducing budget costs to the U.S. Treasury while still maintaining a viable beekeeping industry."

Off-Farm Income Vital for Many Farmers

Just a little more than half the net income of U.S. farm operator households in 1986 came from farm earnings. The rest came from off-farm sources, on which many families relied for most of their income.

The 1986 statistics are not unusual. Off-farm income has accounted for 40 to 55 percent of the net incomes of farm households since 1960. There has been only a slight increase in the share of income from off-farm sources since 1960.

Except for two peak periods over the last two decades, off-farm earnings have helped close the gap between the income levels of farm and nonfarm households. In fact, in 1986, the average income of farm operator households was 11 percent higher than the average of all U.S. households.

Dependence on off-farm income varies considerably throughout the farm sector. These variations seem to be correlated with such factors as farm size, commodity specialty, and region.

Economist Mary Ahearn of USDA's Economic Research Service says that the smaller the size of the farm, the greater the average reliance on off-farm income. On the smallest farms, over 96 percent of the total household income in 1986 came from off-farm sources.

Small farms, defined as those with annual farm product sales of less than $40,000, comprised almost three-fourths of the 2.2 million U.S. farms in 1986. They held about 30 percent of the nation's total farmland but took in under 10 percent of the farm sector's total receipts from crop and livestock sales. ERS statistics show that less than 4 percent of their net cash income came from farming.

In this category, according to ERS analysis, the average net income generated from their operations in 1986 was only $950 per farm. More than 50 percent of small-farm operators said their major occupation was something other than farming, and their average off-farm family income was $22,534. One-third of the small-farm households were below the poverty level—income below $11,203 for a family of four—in 1986.

Dependence on off-farm income varies considerably throughout the farm sector.

Lowest Off-Farm Incomes

Mid-size farms, defined as those which gross between $40,000 and $249,999 in annual farm sales, comprised 23 percent of U.S. farms in 1986, and worked almost half of the land in farms. Their share of total farm sector sales was 37 percent.

These farm households are substantially more dependent than small farm households on agricultural earnings. Overall, 75 percent of their net incomes came from farm earnings, and 85 percent of these farmers reported farming as their major occupation. Their average off-farm income of $13,296 was the lowest of all farm-size groups.

Many analysts consider the mid-size category to be closest to the traditional "family farms." They are more likely than larger farms to depend primarily on the operator and his family to meet the labor requirements of the farm and are less likely than smaller farms to be part-time operations. Thirty percent of the farm families in this category had incomes below the 1986 poverty level.

Large farms, those which gross $250,000 or more in annual farm sales, comprised 4 percent of the U.S. farms in 1986 and farmed 24 percent of the farmland. Their combined receipts accounted for 51 percent of the sector's total marketings, and they earned 95 percent of their incomes from their farms.

Their off-farm incomes averaged $17,589 per household. Their net cash farm incomes averaged $320,978. This is likely to be an overestimate since the income in some large farms is distributed among more than one household.

Despite high average incomes for the large farms, ERS estimates that 20 percent of the households had incomes below the poverty level. Ahearn says that in this group, 20 percent below the poverty level is not unusual in any given year. She notes that farming is a risky business with high annual variation in incomes. Situations such as drought, low prices, and poor investments can cause disappointing farm income for a period of time. Usually these households have assets or investments which carry them over the years when the income from the farm is low.

Fruit High, Dairy Low

Off-farm income also varies considerably by type of specialty. A farm is classified as specialized in a commodity if sales of that commodity make up at least 50 percent of the farm's total sales.

Fruit and nut producers averaged the highest off-farm income, $43,365, which amounted to 56 percent of their cash income from all sources.

General and miscellaneous livestock producers had the next largest average off-farm income, $26,333. Their average income from farming was actually negative in 1986, so their off-farm earnings accounted for more than 100 percent of their total income. Ahearn says that many in this category are small farm operations which do not require much labor time, thus giving the farmer time to work off the farm.

Dairy producers were the least likely to work off the farm in a wage or salary job, and had the lowest average 1986 off-farm income—$6,525. A dairy operation requires so many hours of labor that there is often little time for an off-farm job, says Ahearn.

Variations by Region

Income earned off the farm shows an even different picture when viewed regionally. Six of the 10 geographic regions in the U.S. had average off-farm incomes above $20,000 in 1986: the Southern Plains, Pacific, Southeast, Northeast, Delta, and Mountain States. Regions below $20,000 were the Corn Belt, Appalachia, Lake States, and the Northern Plains.

Dependence on Off-Farm Income Varies by Region, Sales Class, and Commodity Specialty*

Large Farms, and Vegetable and Poultry Specialists Depend the Least on Off-Farm Income[1]

	Average off-farm income per household	Off-farm income as a percent of total income
Farm by sales class		
Less than $40,000	$22,534	99%
$40,000 to $249,999	$13,295	29%
$250,000 or more	$17,589	9%
Farms by specialty		
Cash grain	$16,575	41%
Cotton	$13,711	19%
Tobacco	$13,912	60%
Vegetables	$18,988	9%
Fruit and nut	$43,365	56%
Nursery	$17,834	10%
Other crops	$21,578	72%
Cattle, hogs, and sheep	$22,971	64%
Dairy	$ 6,525	23%
Poultry	$18,737	9%
General and miscellaneous livestock	$28,333	109%

[1]Assumes one household per farm.

*Data for 1986.

The importance of off-farm earnings to the total income of farm households differed by regions. Even though average off-farm income was relatively low in the Appalachian region, off-farm earnings still translated into more than 60 percent of the region's average cash income from all sources.

The opposite situation existed in the Pacific region, where average off-farm income, though relatively high, accounted for only 35 percent of the total cash income. The reason: Farm incomes were high, too.

In Iowa, Minnesota, North Dakota, South Dakota, and Nebraska, less than 35 percent of total cash income came from off-farm sources. The farmers and ranchers in those states are most dependent on agriculture for their incomes. Off-farm sources of income are often limited in the more isolated, farming-dependent communities without well-developed nonfarm economies. That's true in many parts of the Midwest.

California and Arizona are the two western states that are characterized by large farms. The average off-farm income in California and Arizona in 1986 exceeded $29,000 per farm operator household.

Many of the states most dependent on off-farm income were in the South: West Virginia, Virginia, South Carolina, Tennessee, Louisiana, Mississippi, and Kentucky. Oklahoma was also in this group. Wyoming actually had the highest percentage of off-farm income, because it was the only state to have a negative net cash income from farming in 1986.

Farmers in Utah, New Jersey, and New Hampshire also had high proportions of off-farm income. Ahearn says that because New Jersey and New Hampshire farmers are located close to urban areas, the opportunities for off-farm income are much greater. □

[Based on information provided by economist Mary Ahearn of the Agriculture and Rural Economy Division, Economic Research Service.]

1988 Reports Calendar

July-December

Titles of Situation-Outlook and other periodic reports issued by the Economic Research Service are printed in color. Summaries of reports are released at 3 p.m. ET on the dates shown. Copies of complete reports are due off press about a week later.

*The **World Agricultural Supply and Demand Estimates** reports, issued by the World Agricultural Outlook Board, are shown in color. These reports are released in their entirety at 3 p.m. ET, on the indicated dates. For subscription information c*

JULY

MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY
				1 Egg Products Poultry Slaughter
4	5	6 Dairy Products	7 Celery	8
11 Noncitrus Fruits & Nuts-Midyear Supplement	12 World Agricultural Supply & Demand Crop Production	13 Livestock & Poultry Turkey Hatchery	14	15 Mink Milk Production
18 Vegetables	19 Dairy Farm Prod. Expend - itures, 1987	20 Agricultural Outlook Catfish	21 Oil Crops Yearbook	22 Cattle on Feed Livestock Slaughter Cold Storage
25 Eggs, Chickens, & Turkeys	26	27	28 Agricultural Resources[1] Peanut Stocks & Processing	29 World Food Needs[2] National Food Review[2] Cattle Agricultural Prices

AUGUST

MONDAY	TUESDAY	WEDNESDAY
1 Fruit Yearbook	2 Egg Products Poultry Slaughter	3
8	9	10 Vegetables
15 Cattle on Feed	16 Livestock & Poultry Milk Production	17 Feed Sugar Market Statistics
22 Wheat Filbert Production Cold Storage	23 Cranberries	24 Dairy Yearbook Eggs, Chickens, & Turkeys
29 Cotton & Wool Yearbook Peanut Stocks & Processing	30 Farm Income & Finance Rice Stocks Agricultural Prices	31 Vegetable

OCTOBER

MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY
3 Egg Products Poultry Slaughter	4	5 Dairy Products	6 Celery	7
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[1]Reports focus on inputs (July 28) and cropland, water, and conservation (September 23).
[2]**World Food Needs and Availabilities, National Food Review, and FATUS (Foreign Agricultural Trade of the United States)** are not part of the Situation and Outlook series.

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SEPTEMBER

EDNESDAY	THURSDAY	FRIDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY
3	4 Dairy Products	5 Celery				1 Egg Products	2 Poultry Slaughter Dairy Products
10 getables	11 World Agricultural Supply & Demand Crop Production	12 Turkey Hatchery Farm Labor	5	6	7 Fruit & Tree Nuts Celery	8	9 Vegetables
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31 etable			26 World Agriculture	27 Potatoes	28	29 Peanut Stocks & Processing Agricultural Prices	30 Grain Stocks Hogs & Pigs

DECEMBER

EDNESDAY	THURSDAY	FRIDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY
2 Products ltry Slaughter	3 Livestock & Poultry	4 Celery Dairy Products				1 OUTLOOK CONFERENCE Egg Products	2 Poultry Slaughter
9 rld Agricultural upply & Demand p Production	10	11	5 Dairy Products	6 Celery	7	8	9
16 d Production	17 Sugar Market Statistics	18 Agricultural Outlook Cattle on Feed Catfish	12 World Agricultural Supply & Demand Crop Production	13 Turkey Hatchery	14 Farm Income & Finance	15 Milk Production	16 Tobacco Yearbook Vegetables Cattle on Feed Potato Stocks
23 s, Chickens, Turkeys	24	25	19	20 Agricultural Outlook Catfish	21 Cold Storage	22 Eggs, Chickens, & Turkeys Livestock Slaughter	23 FATUS[2]
30 TLOOK ONFERENCE			26	27	28	29 Peanut Stocks & Processing	30 Agricultural Prices

tlook series.

Lamb Still a Minor Item On U.S. Menu

This year, consumption of lamb may edge upward after falling fairly steadily for the last 20 years.

For sheep producers, however, the news has little bearing on the long-term outlook for lamb. In the first place, the slight increase in prospective consumption, from 1.3 pounds per capita to 1.4, does not mean that they can look forward to any sustained recovery in consumer demand.

It also does not necessarily mean that the industry will benefit from this year's upturn, since the rise in consumption is due to increases in supplies of lamb, says Richard Stillman, an economist with USDA's Economic Research Service.

While retailers will find buyers for the additional quantities, selling prices are likely to fall, reducing incentives for a major rebuilding of the nation's sheep herd. The buying habits of consumers and the abundance of other red meats and poultry will probably exert some downward pressure on prices, and so keep lamb production and consumption from rising substantially, Stillman says.

Lamb—a staple in the Middle East, parts of Europe, and Australia and New Zealand—has never been one of the more popular meats in this country. A relatively small proportion of Americans come from cultural or ethnic backgrounds that favor lamb or mutton dishes. Eating habits are established early in life, and those who don't grow up eating lamb are less likely to develop a taste for it later.

Add still another possible obstacle: the prevalent belief that lighter meats, like poultry and fish, can be healthier than red meats. Americans are eating more meat overall, but the poultry industry is the major beneficiary, with poultry consumption jumping from 41 pounds per capita in 1965 to a forecast 83 pounds this year.

A Stall in Lamb's Decline?

Americans consumed an average of 4.2 pounds of lamb each in 1960. Since then, per capita consumption has declined by two-thirds.

Lamb—a staple in the Middle East, parts of Europe, and Australia and New Zealand—was never one of the more popular meats in the United States.

In 1900, the U.S. sheep herd totaled 48 million head, says Stillman, and the most recent USDA survey counted just under 11 million sheep.

With the weak consumer demand, you might think that raising lambs would be an unprofitable venture, and that's sometimes been true even when sheep prices climbed because of lower production. In the last few years, however, returns to producers have improved considerably.

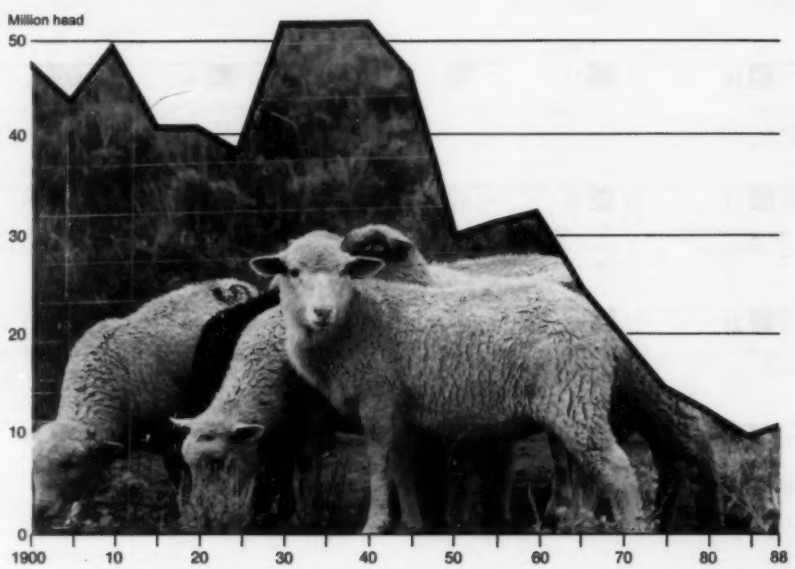
"Basically, prices are high now because per capita supplies are at their lowest levels in history," says Stillman.

Moreover, the restaurant trade tends to bid up the price of lamb when supplies are short. Stillman points out that the cuts that contribute the most to carcass values are racks of lamb and other high-ticket items on restaurant menus. "The retail cuts, like leg of lamb, actually dropped in price relative to restaurant cuts," he says.

Even with increased competition from foreign suppliers, U.S. sheep producers have responded to the higher returns by expanding their flocks. USDA's January 1, 1988, sheep survey showed a 4-percent increase in the nation's herd during 1987. Stock sheep—animals used for breeding—increased 2 percent, and breeding ewes increased 3 percent.

Only ewe lambs—female lambs younger than 12 months that will be bred the following year—fell in number, down 2 percent to 1.4 million head, says Stillman. That was off from a strong increase—24 percent—during 1986.

The U.S. Inventory of Sheep and Lambs Has Decreased by Nearly 80% in the Last 50 Years



"The inventory increases, while less than initially expected, make 1987 the second year in a row that the sheep industry expanded," the economist says. In 1987, commercial sheep slaughter, one of the gauges used to monitor breeding flock changes, was about 5 percent below 1986 levels. What this means, says Stillman, is that sheep producers were holding animals in their flocks longer as part of an expansion effort, rather than sending them to market.

More Lambs Per Ewe

Some of the increase in the U.S. flock comes from a rise in the lambing rate. In 1987, U.S. ewes produced lambs at a rate of 106 lambs for every 100 ewes. While the 1986 rate was even higher at 108 lambs per 100 ewes, last year's level was still well above average, the economist adds.

Stillman says that commercial lamb production in 1988 will be around 320 million pounds—up slightly from the 1986 level. Lamb and mutton production in the first quarter of this year was nearly 84 million pounds, an 11-percent increase above the first quarter of 1987.

With production catching up, prices are unlikely to rebound to the highs seen in the spring of 1986, he says. Prices averaged more than $78 a hundredweight (cwt) in 1987 because supplies fell short of demand, he explains. Continued high production levels and supplies of other red meat and poultry will also cap price gains.

According to the analyst, the average price this year should be between $74 and $77 a cwt, and that is still enough to ensure producers a healthy return. In 1987, for example, with the average price of lamb at $78 a cwt, producers made about $42 per ewe, according to ERS estimates.

Furthermore, wool provides a fairly lucrative commodity for sheep producers. Part of the reason is that, unlike other livestock sectors, the sheep industry benefits from federal commodity support programs in the form of government wool payments.

Economic Research Service data indicate that government wool payments contribute significantly to the industry's profitability. A comparison of the industry's income from 1984 through 1986 shows that wool support payments accounted for 18 to 20 percent of average income per ewe, says ERS analyst John Lawler. Profits during those years increased from $17.34 per ewe in 1984 to $26.89 in 1985, and to $27.58 in 1986.

Producers would have made a profit even without the support program, but it would have been much less. Without the wool subsidies, producers would have netted $6.06 per ewe in 1984, $13.69 in 1985, and $15.88 in 1986, according to Lawler.

Fewer Slaughtering Facilities

So what are the problems facing the industry? There are several. For one, only a few facilities that slaughter and process lamb are still in business. Most plants that kill more than 100,000 lambs a year are located in the Midwest and West, with a few on the West Coast. While a high percentage of the nation's sheep are in those areas, producers in other regions must absorb transportation costs when their lambs go to slaughter.

In 1986, Rocco, a large poultry firm which also processes lamb, opened a processing and slaughtering plant in Harrisonburg, Virginia, in an attempt to fill the needs of the East Coast restaurant trade. "But the firm stopped slaughtering last year because farms in the region could not provide enough lambs, and animals had to be shipped in from the West," says Stillman.

Predators are also a problem. The recent re-appearance of the coyote on the eastern seaboard has raised the hackles of many producers. Coyotes kill for food. Once they connect sheep with a readily available source of food, the sheep flock becomes easy prey, says Gary Weber, USDA Extension Program Leader in animal science. Producers have long sought ways to eradicate these four-footed threats, but environmentalists and conservationists have pushed for an end to many of the methods used to eliminate coyotes.

A recent research project conducted by the Center for Environmental Studies at Arizona State University indicates that elimination is perhaps not the answer. The study suggests that coyotes could be trained to avoid sheep meat by baiting a carcass—or facsimile—with an environmentally safe substance that makes the predator sick. The coyotes then associate their short-term illness with eating sheep and look elsewhere for their meals, Weber says.

Yet, wild animals are not the only predators that attack sheep. Even dogs from neighboring farms and residences can wipe out profits by killing younger animals. Dogs sometimes present a more significant problem because, unlike wild predators, they kill indiscriminantly, sometimes killing and maiming several sheep in one attack, Weber says.

Aside from predator problems, the marketing of lamb products will remain one of the biggest concerns for producers. If the industry cannot get new consumers to buy lamb, any expansion will likely result in sharper declines in prices, Stillman says.

Lamb production will likely continue to grow through the next year, but how long the expansion lasts depends on how long prices remain in producers' favor, says Stillman.□

[*Based on information provided by economists Richard Stillman and John Lawler of the Commodity Economics Division, Economic Research Service, and Gary Weber of USDA's Cooperative Extension Service.*]

Lamb Imports Spark Controversy

Among the issues facing the U.S. sheep industry is foreign competition. Lamb and mutton imports totaled 44 million pounds (carcass weight) in 1987, the highest level since 46 million pounds were imported in 1973.

"However, 1987 lamb imports were about 29 million pounds, down slightly from 1986. The rest is made up of mutton, which is restricted by the Meat Import Law of 1979. The mutton imports are used here in processed meats, like sausages," says USDA economist Richard Stillman.

Lamb imports to this country have been controversial, to say the least. Foreign producers argue that their exports help the U.S. industry by making lamb more available to a greater number of consumers. American sheep producers, on the other hand, argue that they cannot compete with the cheaper, chilled lamb coming into West Coast markets from Australia, Stillman says.

The issue of protecting the domestic industry from lamb imports heated up again when an importer began bringing in live lambs from New Zealand for feeding and slaughtering in the United States. This prompted considerable debate and the introduction of legislation in Congress that would impose a quota on live lamb imports.

AGRICULTURAL ROUNDUP

CRP Boosts Demand For Forage Seeds

Like their counterparts in the fertilizer and pesticide industries, producers and distributors of farm seeds are concerned about government programs that take acres out of production.

In their business, fewer acres planted generally mean smaller sales.

With that in mind, it is not surprising that the seed industry has some concerns about the Conservation Reserve Program (CRP). Enrollment in the CRP has grown from 2 million acres in 1986 to over 23 million in 1987, with additional opportunities for enrollment available in 1988.

Unlike annual acreage set-aside requirements attached to commodity support programs, the CRP requires participants to plant enrolled land in grasses, trees, or other vegetative covers for a minimum of 10 years. As a result, the program will trim potential demand for wheat, feed grain, and oilseed and fiber crop seeds.

Yet one segment of the seed industry has benefited from the land retirement program, says economist Stan Daberkow of the Economic Research Service. In 1986, spending on legumes, grasses, and other forage seeds rose 5 percent above 1985 levels.

When expenditure data for 1987 and 1988 become available, they will likely show similar increases for forage seeds as CRP acreage continues to grow, he adds. Part of the increase in forage seed spending will be due to significant price increases between 1986 and 1988. For example, prices climbed nearly 70 percent for timothy seed and more than 30 percent for orchardgrass and ryegrass seed during this period.

Daberkow says it is difficult to say exactly how much forage seed sales might increase as a result of the CRP. "For one thing, probably more than 85 percent of CRP acres will be planted in grasses and other forages. Furthermore, we don't know exactly what kinds of seeds are being planted, or at what levels," he says.

However, there is no doubt that

Forage Seed Prices Rose Sharply Between 1986 and 1988, While Prices Fell for Several Types of Crop Seeds

	Price change April 1986 to April 1988
	percent
Forage seeds	
Timothy	+69
Sericea lespedeza	+42
Orchardgrass	+33
Ryegrass	+33
Alfalfa, certified	+12
Fescue	+8
Red clover	+8
Crop seeds	
Grain sorghum	−3
Corn	−2
Spring wheat	−1
Cotton	+2
Soybeans	+10

Planting Intentions

In early March, farmers reported their intentions to seed a total of 230 million acres to grains and soybeans, down just 2 million acres—less than 1 percent—from last year's plantings. Between 1985 and 1987, the area seeded to grains and soybeans was slashed by 37 million acres.

Further deep cuts in acreage were unlikely given this year's farm programs and the improved supply-demand balance for most commodities. Exports and domestic use have been rising, stocks are down, and prices are generally up from last season's levels.

Actual plantings may vary in either direction from the intentions farmers reported in early March. Last year, the area devoted to grains and soybeans turned out to be about 2 million acres higher than indicated when farmers' intentions were surveyed. Data on actual plantings won't be available until July 12 when USDA's Agricultural Statistics Board issues the results of its June acreage survey.

For some commodities, plans for increases, or reductions, in 1988 acreage were substantial enough to suggest that production is also likely to rise or fall. That's true, for example, in the case of the intended increases for rice and cotton and the decline for sorghum, assuming no major deviations from past yields.

For other commodities, like corn, wheat, and soybeans, the intentions provide little, if any, clue to 1988 production, according to crop analysts. The indicated acreage changes were small relative to the uncertainties about actual plantings and the much

Total Grain and Soybean Acreage for 1988 May Be Near 1987's Level, Based on Farmers' Planting Intentions

	1987 planted acreage	1988 planting intentions[1]	Change from 1987 to 1988
	thousands of acres		*percent*
Grains & soybeans			
Corn	65,706	66,926	+1.9%
Sorghum	11,804	10,727	−9.1%
Oats	17,959	16,339	−9.0%
Barley	11,046	10,287	−6.9%
All wheat	65,804	65,073	−1.1%
Winter	48,781	48,590[2]	−0.4%
Durum	3,341	3,727	+11.6%
Other spring	13,682	12,756	−6.8%
Rice	2,352	2,803	+19.2%
Soybeans	57,415	57,990	+1.0%
Total	232,086	230,145	−0.8%
Other crops			
All cotton	10,421	11,578	+11.1%
Upland	10,285	11,411	+10.9%
American Pima	136	167	+22.8%
Hay[3]	60,748	61,115	+0.6%
Peanuts	1,555	1,603	+3.1%
Sunflower	1,805	1,795	−0.6%
Tobacco[3]	601.7	633.5	+5.3%
Flaxseed	470	347	−26.2%
Dry edible beans	1,801	1,379	−23.4%
Sweet potatoes	96.7	97.6	+0.9%
Sugar beets	1,270	1,291	+1.6%

[1]Based on voluntary responses collected from around 70,000 farmers and ranchers during the first half of March. [2]Estimated plantings, fall 1987. [3]Area harvested.

True or False?

True ☐ False ☐ Americans are cutting back on their per capita meat consumption as pasta, vegetable dishes, and seafoods gain in popularity.

True ☐ False ☐ The meat menu of the typical consumer now includes nearly equal portions of poultry and red meat.

If you answered *True* to either question, you'd better read "Is Beef Still Our Favorite Meat?" on page 16.

the rapidly expanding demand caught U.S. seed producers off guard. The shortfall had to be met by foreign suppliers, according to Daberkow. Canada, Australia, and New Zealand filled much of the need as 1986-87 seed imports, specifically grass and other forages, surged above year-earlier levels. The total value of all seed imports climbed 42 percent, with forages rising 120 percent, he says.

Although the expanding demand stimulated an increase in domestic forage seed production, Daberkow notes that many firms, domestic and foreign, have been reluctant to commit resources to increased production.

"They see the CRP boom as a temporary blip in forage seed demand. Once the enrolled acres are successfully planted in a permanent cover, the demand for forage seed will drop. Furthermore, U.S. production has suffered from recent dry weather. The major grass seed production region, the Northwest, experienced a drought last year, and yields may be hurt by dry weather again this year," he says.

"With CRP enrollment now at 23 million acres and growing, the seed industry is expected to increase the number of acres producing grass seed. Forage seed imports will also continue to rise. However, it is unlikely that prices will decrease in the short run, particularly if the program is to meet its goal of 40-45 million acres by 1990," Daberkow says.

greater uncertainties about weather and yields.

Here are some of the highlights from USDA's March planting intentions survey:

• Between 1985 and 1987, acreage planted to corn dropped nearly 18 million acres. For this year, farmers reported intentions to increase plantings by slightly more than a million acres, or almost 2 percent. Intentions were up 5-6 percent in Iowa and Illinois, the two largest corn-producing states. In 22 other states, intentions were greater than, or equal to, 1987 plantings. In general, these are the higher yielding states, according to Economic Research Service economist Larry Van Meir. He says this adds to the likelihood that 1988 production will top 1987's, if weather cooperates. In each of the last 3 years, U.S. corn yields have set new records, but there's no telling about this year.

• Farmers reported intentions to plant only 10.7 million acres to sorghum, down 9.1 percent from last year's seedings and the smallest acreage of this decade. Acreage plans for oats and barley were also down—9.0 percent and 6.9 percent, respectively. (It's worth noting that oats are seeded as a cover crop on a large portion of government reserve acres, so the 9-percent decline in planting intentions does not necessarily imply a similar reduction in oats acreage to be harvested for grain.)

For spring-planted wheat, farmers reported intentions to boost durum acreage by nearly 12 percent, while cutting other spring wheat plantings by almost 7 percent.

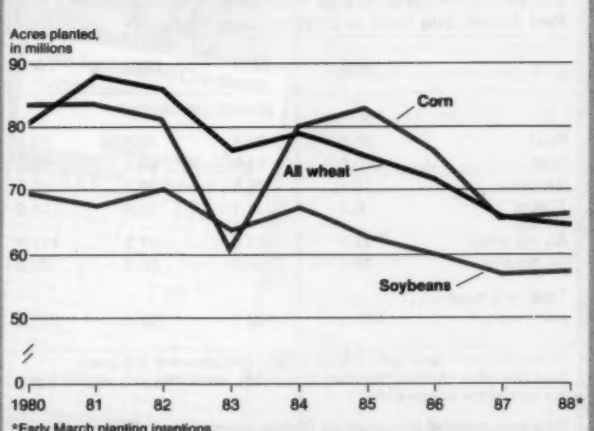
• After reducing plantings for 3 straight years, rice producers reported plans to seed about 19 percent more acreage for 1988. One major influence: The 1988 rice program trimmed the required acreage reduction to 25 percent, down from 35 percent in the 2 previous years. Also, because of tight supplies, average prices for the current 1987/88 season are likely to be nearly double those of 1986/87. "If planted acreage is close to the March intentions and yields are on trend, production may be about 155 million cwt this year, up from 128 million in 1987," says ERS economist Janet Livezey.

• The intentions for soybeans suggest the first increase in plantings since 1984, but the prospective increase is small—about 1 percent, or slightly more than a half-million acres. Actual plantings might be higher, says ERS economist Roger Hoskin. Continued strong prices through the spring would encourage farmers to plant more acres to soybeans.

• Cotton acreage would rise by 11 percent if producers followed through on their March intentions. One factor influencing plantings is the acreage reduction requirement in the cotton program. It was cut in half—to 12.5 percent—for the 1988 crop. Based on the intentions, Texas' share of upland cotton acreage would drop to 43.8 percent this year, the lowest since 1976, says ERS economist Bob Skinner. Acreage shares would increase for the second and third largest upland cotton states—California and Mississippi. Meanwhile, pima cotton producers are responding to booming export markets. The sharp rise in intended plantings would result in the largest pima acreage since 1942, Skinner says.

• Among other commodities, the planting intentions survey indicated a small decline in sunflower acreage, sharp reductions for flaxseed and dry beans, and possible increases for hay, peanuts, tobacco, sweet potatoes, and sugar beets.

Planting Intentions Indicate a Possible Increase in This Year's Corn and Soybean Acreage



*Early March planting intentions.

Is Beef Still Our Favorite Meat?

Meat consumption patterns have shifted, in some cases dramatically, over the last few decades as more variety has found its way into the American diet.

The reminders seem to be everywhere, from the popular press to supermarket shelves, and from television commercials to the latest salad, chicken, and fish selections on fast-food menus.

Beef, pork, and poultry producers may not need any reminders, but what about everyone else? Surely, we all know the facts by now—or do we? Take a look at each of the following statements. Is it fact, or fiction?

- Americans are cutting back on their per capita meat consumption as pasta, vegetable dishes, and seafoods gain in popularity.
- The meat menu of the typical consumer now includes nearly equal portions of poultry and red meat.
- In selecting among individual meats, today's average American consumes more chicken than either pork or beef.
- The gains for chicken and turkey have helped trim both beef and pork consumption to the lowest per capita levels in several decades.

Most of these statements contain, perhaps, some element of truth, but each statement is false, based on the "supply and utilization" data maintained by USDA's Economic Research Service.

It is true, for example, that Americans are consuming more pasta, fresh vegetables, and seafood, but they aren't cutting back on meat. Meat consumption (red meat and poultry combined) chalked up another record last year, reaching an estimated 215 pounds per capita, retail weight. That was 1.3 pounds above the previous record set 2 years earlier.

According to Economic Research Service forecasters, the figure will go even higher this year—maybe approaching 220 pounds. Back in 1960, per capita meat use was 167.5 pounds, indicating that the average American has since added roughly 50 pounds of meat to annual consumption.

Poultry, of course, accounts for a much larger share of the total than it did in the past. Last year, 36 of every 100 pounds of meat consumed was broiler meat, other chicken, or turkey. That compares with just 20 pounds per 100 in 1960.

Although poultry's share is expected to rise again this year, red meats still hold a commanding lead. The margin was almost 60 pounds per capita in 1987.

The record for red meat consumption (including beef, pork, veal, and lamb) was set in 1971 at 156.6 pounds. Since then, the trend has been downward. Last year's figure was 137.1 pounds—less than 4 pounds above the 1960 level. One reason is that both veal and lamb were big losers between 1960 and 1987.

In contrast, per capita poultry consumption has more than doubled since 1960, reaching an estimated 77.9 pounds last year. This year's forecast is 82-83 pounds, three-fourths of that in meat from broilers (young, specially bred chickens) and most of the remainder in turkey meat.

Last year, broiler consumption (which excludes 2-4 pounds of other chicken) moved ahead of pork for the first time on record. Beef, however, still led broiler consumption by more than 15 pounds per capita. In 1960, the difference was much greater—40 pounds.

Beef's edge over broilers may slip slightly below 10 pounds this year, based on recent projections indicating another decline for beef and another increase for broilers. The same 1988 projections suggest a sharp gain for pork—but not quite sharp enough for per capita pork consumption to overtake broilers.

Whether chicken will eventually catch up with beef is anyone's guess. In a given year, the consumption of each meat is determined by how much is produced, and production responds to several economic and biological variables. In the longer term, both production and consumption are determined by the profitability and efficiency of each industry and the effective demand for its products. That demand, in turn, is influenced by the relative prices of competing meats, consumer incomes, health perceptions and taste preferences, and other factors.

Beef consumption had been rising fairly steadily until 1976, when it reached 94.2 pounds, up from 63.3 pounds in 1960. Since 1976, the trend has reversed. Last year's estimated 75.5 pounds per capita was the lowest since 1965, and another decline of 3 to 4 pounds is anticipated this year. The increasing production and consumption of lower priced chicken has, no doubt, been partly responsible for the shrinkage in beef's market.

Pork is another story. Per capita consumption since 1960 has ranged from a low of 50.5 pounds (in 1975) to a high of 68.0 pounds (in 1980). No obvious trend is evident in the data, which primarily reflect cyclical ups and downs in production occurring within a longer term pattern of generally steady use.

Last year's estimate of per capita pork consumption—58.8 pounds—was up slightly from 1986 and exceeded the levels set in 9 of the previous 27 years. For 1988, pork may climb to its highest per capita level in 7 years.

So, what do all these meat consumption numbers add up to? Despite the greater variety in the American menu and the buzz about more "meatless" meals, total red meat and poultry consumption is at an all-time high and still rising. Moreover, beef still ranks as America's major meat, and red meat continues to dominate poultry (though the margin is narrowing).

Finally, poultry's portion of the meat menu is growing rapidly, but much of that growth is reflected in more total meat in the diet. Beef and pork aren't doing nearly as poorly as some people may think. Pork consumption, particularly, has been fairly stable, on average, over the past three decades.

And here's one other possible misconception worth correcting. None of the figures cited here, or those most often found in the popular press, are precise measures of the pounds actually eaten by the consumer. The numbers are almost certainly on the high side, but no one knows exactly by how much.

The most comprehensive U.S. consumption data available are calculated by taking the total domestic supply (production, beginning stocks, and imports minus exports, nonfood use, and ending stocks) and dividing it by population. The results do not make any allowance for such variables as the weight of the bones in retail cuts, home use of meats and other products for pet food, or food waste by the retailer, processor, and consumer.

Consumption Data Reveal Poultry's Dramatic Gains, But Red Meats Still Hold a Commanding Lead

	1960	1970	1980	1987[1]
	pounds per capita[2]			
Beef	63.3	84.4	76.4	75.5
Pork	60.8	61.9	68.0	58.8
Broilers	23.4	36.5	46.7	60.1
Turkey	6.3	8.1	10.5	15.2
All red meat[3]	133.4	151.6	147.3	137.1
All poultry[4]	34.0	48.2	60.3	77.9
Total red meat and poultry[5]	167.5	199.8	207.6	215.0

[1]Estimated as of April 1988. [2]Retail weight. [3]Includes veal and lamb. [4]Includes other chicken. [5]Because of rounding, totals may vary slightly from the sum of the components.

Data were provided by economists Richard Stillman, Mark Weimar, and Larry Duewer of the Economic Research Service.

REPORTS IN THE NEWS

Assessing Tradeoffs Of Fuel From Grain

Among this nation's many goals are three in which fuel ethanol processed from grain could play a positive—if limited—role. However, because of various alternatives for meeting these same goals, the costs and tradeoffs involved in expanding ethanol production are also important.

Among ethanol's potential benefits: Its greater use as a gasoline additive or extender could mean a somewhat reduced dependence on foreign oil and less air pollution from motor vehicles. In addition, it could mean a larger industrial market for corn, resulting in higher prices for corn growers and reduced farm program payments.

At the same time, there are potential drawbacks to expanding ethanol production. As corn prices rise, for example, ethanol producers would find it even more difficult to compete in the marketplace with other fuel-blending agents. Already, the fuel ethanol industry depends on federal and state subsidies. Given the glut in world petroleum markets, such dependence is expected to continue, despite new, cost-reducing technologies for producing ethanol.

Every strategy for meeting the nation's energy, environmental, and agricultural goals involves some tradeoff of costs and benefits. Measures of these costs and benefits provide a basis for choosing among alternative strategies—one of which would be a policy encouraging expansion of the ethanol industry.

According to the authors, this report is designed to offer "an information base on current and future conditions in the industry" and to provide a framework for "assessing the tradeoffs of using ethanol to meet national objectives."

It covers the structure and technologies of the industry, problems and prospects related to the use of ethanol as a gasoline additive, industry expansion and competitiveness, and ethanol's current and potential role in U.S. energy, environmental, and agricultural policies.

Ethanol: Economic and Policy Tradeoffs. *(Published April 1988; 51 pages of text, diagrams, and tabular data; GPO Stock No. 001-019-00577-7; $3.00.)*

A Book of Charts Tells Ag Story

Line, bar, map, and pie charts often communicate better than words, especially when describing comparisons, contrasts, and changes wrought by the passage of time. These visual messages abound in USDA's latest agricultural chartbook.

In more than 300 charts, it captures historical trends, recent developments, and economic relationships that illustrate what's happening in the U.S. farm and food sectors, commodity markets, world agriculture, and rural America.

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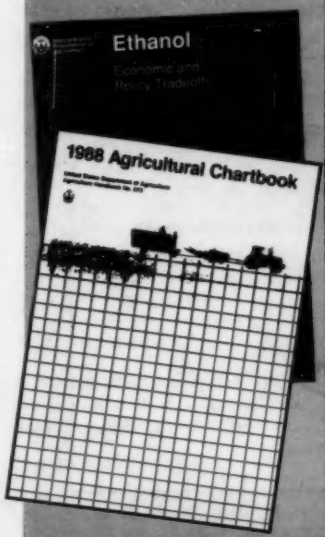
1988 Agricultural Chartbook. *(Published April 1988; 110 pages; GPO Stock No. 001-019-00582-3; $5.00.)*



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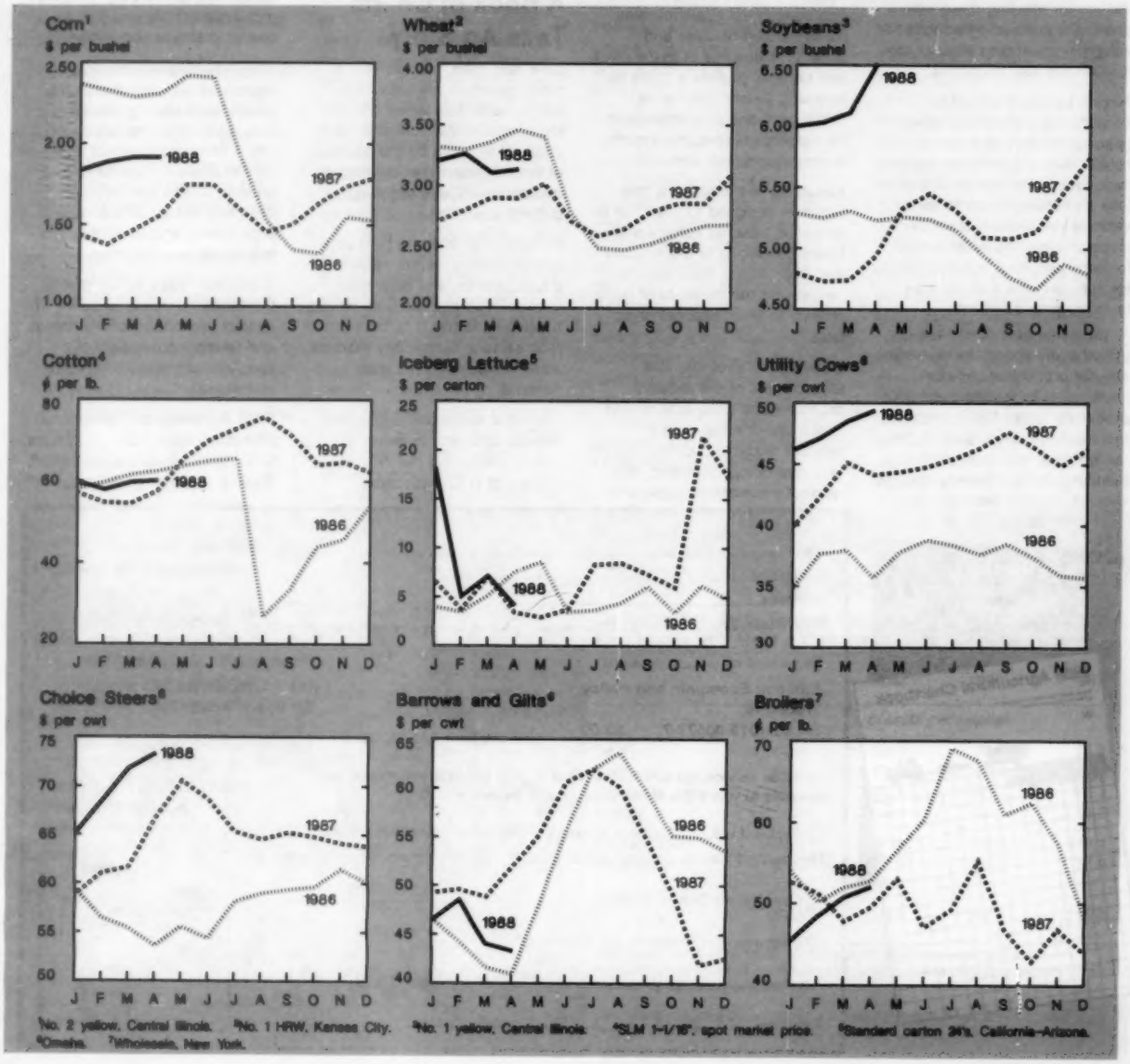
FARMLINE TRENDS

Monthly Price Monitor

USDA's April 1988 index of farm prices was unchanged from March but was 4% above its year-earlier level. Corn held steady at $1.92 per bushel, while wheat rose slightly to $3.14. Soybeans climbed to $6.52 per bushel, the highest since July 1984. Cotton topped 60¢ per lb. for the first time this year. Lettuce declined to $4.08 per carton, down $3 from March and its lowest price in 10 months. In the meat animals area, utility cow prices continued strong, rising to $49.41 per cwt. Choice steers, which started the year at $65, reached $73.21 in April. Barrows and gilts held fairly steady in the $43-$44 range. Broilers increased slightly to 51.9¢ a lb. All prices shown are monthly averages.



[1]No. 2 yellow, Central Illinois. [2]No. 1 HRW, Kansas City. [3]No. 1 yellow, Central Illinois. [4]SLM 1-1/16", spot market price. [5]Standard carton 24's, California-Arizona. [6]Omaha. [7]Wholesale, New York.

Leading Export States Ranked by Value of Agricultural Exports[1]

	1st	2nd	3rd	4th	5th	6th	7th	8th
Fiscal 1986								
All ag product exports[2] U.S. total: $26.3 billion	California $2.38 bil.	Illinois $2.14 bil.	Iowa $2.06 bil.	Nebraska $1.48 bil.	Kansas $1.43 bil.	Texas $1.40 bil.	Minnesota $1.31 bil.	Indiana $1.09 bil.
Fiscal 1987								
All ag product exports[2] U.S. total: $27.9 billion	California $2.84 bil.	Iowa $2.26 bil.	Illinois $2.12 bil.	Nebraska $1.58 bil.	Texas $1.52 bil.	Kansas $1.51 bil.	Minnesota $1.37 bil.	Indiana $1.01 bil.
Soybean & product exports U.S. total: $5.75 billion	Illinois $1.05 bil.	Iowa $1.04 bil.	Missouri $508 mil.	Minnesota $488 mil.	Indiana $462 mil.	Ohio $431 mil.	Nebraska $274 mil.	Arkansas $196 mil.
Feed grain & product exports U.S. total: $4.66 billion	Iowa $846 mil.	Illinois $738 mil.	Nebraska $535 mil.	Minnesota $395 mil.	Indiana $361 mil.	Kansas $249 mil.	Ohio $246 mil.	Wisconsin $193 mil.
Wheat & product exports U.S. total: $3.12 billion	North Dakota $541 mil.	Kansas $438 mil.	Washington $262 mil.	Oklahoma $196 mil.	Montana $191 mil.	Idaho $163 mil.	Texas $157 mil.	South Dakota $145 mil.
Hide & skin exports U.S. total: $1.67 billion	Kansas $267 mil.	Texas $239 mil.	Nebraska $234 mil.	Iowa $81.5 mil.	Colorado $76.5 mil.	California $63.0 mil.	Wisconsin $61.5 mil.	Illinois $58.2 mil.
Live animal & meat exports[3] U.S. total: $1.63 billion	Kansas $221 mil.	Texas $206 mil.	Nebraska $202 mil.	Kentucky $182 mil.	Iowa $104 mil.	Colorado $70.2 mil.	California $64.3 mil.	Illinois $57.4 mil.
Fruit & preparation exports U.S. total: $1.47 billion	California $833 mil.	Florida $284 mil.	Washington $123 mil.	Oregon $46.8 mil.	Arizona $39.3 mil.	Michigan $34.4 mil.	Hawaii $19.0 mil.	Texas $18.5 mil.
Cotton & linter exports U.S. total: $1.43 billion	Texas $372 mil.	California $329 mil.	Mississippi $175 mil.	Arizona $121 mil.	Louisiana $99.4 mil.	Arkansas $88.4 mil.	Tennessee $58.5 mil.	Alabama $48.2 mil.
Unmanufactured tobacco exports U.S. total: $1.20 billion	North Carolina $547 mil.	Kentucky $231 mil.	Virginia $99.3 mil.	South Carolina $94.4 mil.	Georgia $84.8 mil.	Tennessee $69.1 mil.	Florida $16.7 mil.	Connecticut $16.6 mil.
Vegetable & preparation exports U.S. total: $1.18 billion	California $506 mil.	Washington $108 mil.	Idaho $64.5 mil.	Wisconsin $58.9 mil.	Minnesota $56.1 mil.	Michigan $51.1 mil.	Oregon $45.6 mil.	North Dakota $44.5 mil.
Feed & fodder exports U.S. total: $671 million	Iowa $67.9 mil.	Minnesota $60.0 mil.	Illinois $54.1 mil.	Nebraska $53.7 mil.	Florida $46.3 mil.	California $37.7 mil.	North Dakota $36.7 mil.	Kansas $30.2 mil.
Poultry & product exports U.S. total: $594 million	Arkansas $79.4 mil.	Georgia $72.9 mil.	Alabama $56.1 mil.	North Carolina $54.6 mil.	California $39.1 mil.	Indiana $37.1 mil.	Mississippi $33.3 mil.	Texas $30.5 mil.
Tree nut exports U.S. total: $594 million	California $567 mil.	Hawaii $12.1 mil.	Oregon $8.5 mil.	Georgia $2.6 mil.	Texas $0.9 mil.	Louisiana $0.7 mil.	New Mexico $0.6 mil.	Alabama $0.3 mil.
Rice exports U.S. total: $551 million	Arkansas $256 mil.	Texas $87.1 mil.	Louisiana $79.8 mil.	California $59.0 mil.	Mississippi $52.1 mil.	Missouri $16.5 mil.	—	—

[1]State origins of exports are not monitored as products move into export channels. The above statistics are estimates based primarily on each state's contribution to U.S. production or marketings of individual commodities during the fiscal year (fiscal 1987: Oct. 1, 1986-Sept. 30, 1987). Stock levels within states, estimates of how much feed goes to livestock, and other available data are used to adjust these figures. [2]Includes commodities not listed in this table. [3]Includes breed and race horses, excludes poultry.

Data were provided by economist Steve Milmoe of the Commodity Economics Division, Economic Research Service.

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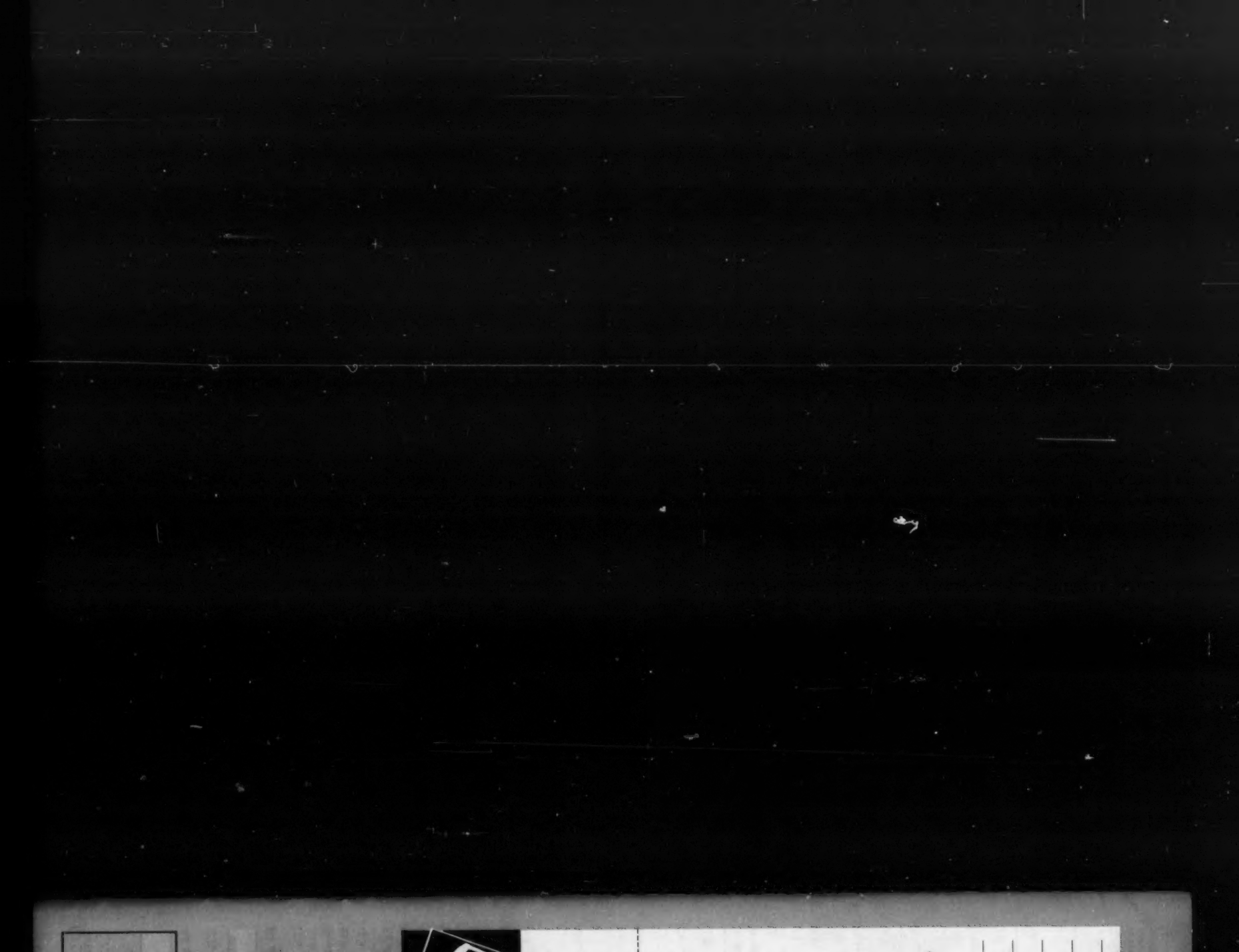
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